

reported to me. In particular, I failed to monitor and control the Moderate Rehabilitation Program, commonly referred to as the "mod rehab" program, when it was being operated, at least in part, to benefit certain consultants, developers, and ex-HUD officials. As a result, a number of political appointees, including Deborah Dean and certain other members of my staff, used the program to see that their friends or political allies received mod rehab projects.

In addition, my own conduct failed to set the proper standard. On a number of occasions, I met or spoke privately with personal friends who were paid to obtain funding for mod rehab projects, including, among others, James Watt, Gerald Carmen, and Robert Rhone. These meetings and conversations, and my following discussions with staff members, created the appearance that I endorsed my friends' efforts and sent signals to my staff that such persons should receive assistance. While I never financially benefited in any way from these projects, these meetings and contacts were inconsistent with the HUD Standards of Conduct prohibiting actual or apparent undue or improper favoritism, and my related instructions to my staff.

I was the person entrusted with the duties of Secretary and I was the person responsible for the Department. If I am to take credit for its successes, I must also take the blame for its problems. I have no doubt that the manner in which the mod rehab program was administered was flawed, and was not consistent with how the program was portrayed to Congress and the public. Despite certain warning signs, and my own meetings and conduct, as described above, I failed to ensure that the mod rehab program operated properly.

I have come to some of these conclusions as a result of facts revealed by the investigation and the prosecutions conducted by the Office of Independent Counsel. Prior to that investigation, I had testified before Congress. I was ill-prepared for the congressional hearing and appeared without counsel. Reviewing my exchanges with Members of the Lantos Subcommittee, I see that I answered certain questions with broad responses that did not always accurately reflect the events occurring at HUD several years earlier. Similarly, one of my answers to inquiries made by the Public Integrity Section of the Department of Justice was not completely responsive.

These last five years have been difficult ones for me, but my parents taught me that I must not shrink from my duties. I was the guardian of the HUD gates, and I rested on my post when vigilance was most needed. In light of my conduct and that of others at HUD, I fully understand and accept responsibility for the necessity for the Independent Counsel's investigation. However, in my forth years of public service I never received a single improper benefit for my actions—no money, no tickets, no trips, nothing. Nonetheless, I fully accept responsibility for my role in what occurred at HUD, and deeply regret the loss of public confidence in HUD that these events may have entailed.

[From the Standard Times, July 25, 1995]

HOUSING CRUNCH HITS POOR MOST—WAITING LISTS FOR AFFORDABLE UNITS IN AREA KEEP GROWING

(By Keith Regan)

NEW BEDFORD.—A drop in the number of affordable apartments is sending record numbers of low-income families to area housing authorities for help. But housing officials say budget cuts are forcing them to turn people away or add them to already lengthy waiting lists.

As many as 1,000 individuals and families are waiting for spaces in the city's 3,900 units

of public or subsidized housing, according to Joseph Finnerty, executive director of the New Bedford Housing Authority.

Mr. Finnerty said the fact that few new units of affordable housing have been built by private developers in recent years has contributed to the influx of applicants.

"The apartment buildings you see built on the edge of town aren't aimed at low-income residents," he said. Meanwhile, as those buildings went up, many older apartment buildings that once housed affordable housing were being demolished in New Bedford and other large cities.

"There's a decrease in the number of affordable apartments at the same time economic conditions mean more people need them," said Mr. Finnerty.

The problem is not limited to the city, however.

In Wareham, the wait for one of the town's 32 units of public housing ranges from six to 12 months, according to Housing Authority Executive Director Pamela Sequeira.

"We don't have the funds to offer any new housing programs," Ms. Sequeira said. "And these families can't find affordable apartments on their own."

A report issued Monday by the Center on Budget and Policy Priorities finds the national shortage of public housing reached record levels in 1993, with low-income families out-numbering affordable housing units by a two-to-one margin.

Based on census data, the report found 11.2 million low-income renters and just 6.5 million units of low-income housing. Affordable housing is defined as taking up less than 30 percent of a resident's income, low-income is defined as any family or individual earning \$12,000 a year or less.

The report cites a decrease in the number of low-rent homes due to the gentrification of some urban areas and the abandonment of run-down housing in others.

Mr. Finnerty said he has witnessed the decline of affordable housing units over the last decade since Congress eliminated a tax break in 1965 that encouraged private developers to build low-income housing.

"They took away the incentive for developers to include low-income housing in their buildings," he said.

Fairhaven resident Joaquin "Jack" Custodio said public housing programs have long fallen short of their goal of providing families a way out of poverty.

"It's the strong versus the weak," Mr. Custodio said. Residents of housing projects "aren't given any power" to improve their lives, he added.

Housing, unlike other public assistance is not an entitlement program, meaning families who do not receive public housing or federal subsidies must fend for themselves, Mr. Finnerty said.

Still, he said, the need for public housing is tied to other programs, such as Aid to Families with Dependent Children, with cuts in those forms of assistance making it even more difficult for families to afford housing.

Ms. Sequeira cited the report's finding that most families who do not receive public housing assistance spend more than half of their income on housing. Many, especially elderly families on fixed incomes, can "end up in a deficit in their first month," she said.

"Something else has to give," said Mr. Finnerty. "An elderly person might spend less on medicine or a family might not eat as well as they should to make up the difference."

Mr. Finnerty also said the study's timing is crucial. Congress is currently considering a \$7 billion reduction in the Department of Housing and Urban Development's budget for next year.

The New Bedford Housing Authority is already facing a 14 percent cut in this year's

budget and a 28 percent cut for the next fiscal year, which begins in October.

"It's only going to get worse," Mr. Finnerty said.

## MEDICARE CUTS

**HON. BOBBY L. RUSH**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RUSH. Mr. Speaker, I rise today as the voice of hundreds of senior citizens in the First Congressional District of Illinois and none of them wants cuts of any kind in their Medicare Program.

These older Americans were angry. They were scared. And they are not going to stand for these draconian cuts.

They know that the Republicans have committed themselves to squeezing \$270 billion out of the Medicare budget over the next 7 years.

The budget resolution sets out a gradual path of Medicare reductions, and most of the impact will not be felt until after November 1996, safely clearing the way for many Republicans up for reelection.

So make no mistake about it. This is not about policy making.

This is about politics—plain and simple.

The seniors want a clear mandate delivered to the Republican Party. They want them to know that seniors are not old or forgetful. Seniors are not "very pack-oriented and very susceptible to being led," as a leaked GOP strategy memo indicates. On the contrary, they will remember, a year from this November, who it was that slashed their Medicare Program and left them out in the cold to fend for themselves.

## CELEBRATING MEDICARE'S 30TH BIRTHDAY

**HON. BILL RICHARDSON**

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 28, 1995

Mr. RICHARDSON. Mr. Speaker, this week marks the 30th anniversary of Medicare, one of the Nation's most successful undertakings. Because of Medicare, America's seniors no longer choose between medicine and food or rent, and consequently their health has improved dramatically. Ironically, one of the reasons we are currently considering Medicare reform is due in large measure to its profound success. Americans are living longer, and many more reach an age where greater health problems emerge. This is a fortunate turn of events, and we must not use it to ransack a system that has served the Nation well.

Medicare is a remarkable testament to the good that can come from deliberative, open, bipartisan efforts to solve an oncoming health crisis. The Medicare concept was debated in Washington for 13 years before finally being signed into law in 1965. Many skeptics predicted that it would bankrupt the United States, that the contributions seniors made prior to retirement would evaporate, and that our health care system would become substandard. In fact, none of these events occurred. Medicare has been overwhelmingly successful.